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INTRODUCTION OF STABILITY RATING OF BUSINESS ENTITIES IN THE REPUBLIC OF UZBEKISTAN AND ITS IMPACT ON THE BUSINESS ENVIRONMENT

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Abstract
The article describes how the process of introducing the "Stability Rating of Business Entities" in the Republic of Uzbekistan took place and what results have been achieved so far. In addition, the indicators of the sustainability rating of business entities by region were analyzed econometrically with the volume of products and services created by business entities by region, and aspects of interdependence were studied. The results of the econometric analysis were verified by a series of tests. The obtained results were discussed and analyzed by the authors.

Keywords: Stability rating of business entities, sustainability, rating indicator, economy, regions, gross regional product, business entities, digital platforms, evaluation criteria, competition.

Introduction

There are various reasons for a business entity to develop its business processes. First of all, they try to improve the company's activities and thereby maintain their place in the competition. Secondly, it allows business entities to increase their income.

In the period of modern reforms, one of the reasons for improving the activity of business entities in our country is the "Stability rating of business entities". The sustainability rating is for business entities that ensure the implementation of priority tasks, as well as pay taxes on time and comply with legal requirements, as part of the open dialogue of the President of the Republic of Uzbekistan with entrepreneurs held

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on August 18, 2023. in order to create more favorable conditions and encourage them, it was established in our country from February 1, 2024.

Such a rating is important because now the electronic system evaluates the activities of entrepreneurs, not tax collectors. In the future, subsidies, concessions and preferences will be given based on the rating. Underachievers strive to join the ranks of disciplined entrepreneurs and gain more opportunities.

On the other hand, this rating becomes a protection system that provides entrepreneurs with reliable information about their partners. That is, dubious contracts and unfair competition will be put an end to, and the "hidden" economy will shrink.

Based on the proposals of entrepreneurs, we are improving the conditions for business more and more. With recent decisions, we have canceled 16 licenses and 34 types of reports. The entrepreneurial class is becoming a leading force in society, and young people aspire to them. Now, through this rating, it is necessary to encourage law-abiding, disciplined and active among entrepreneurs. The Public Council for Entrepreneurship Support should have a big role in implementing this and ensuring its effectiveness, - said Shavkat Mirziyoev.

In our country, a legislative framework has been created for the organization of the sustainability rating, according to the Decision of the President of the Republic of Uzbekistan PQ-39 "On measures to introduce the sustainability rating of business entities" [1] and "The procedure for determining the sustainability rating of business entities" Resolution No. 55 of the Cabinet of Ministers of the Republic of Uzbekistan was adopted [2].

MATERIALS AND METHODS

This article uses data from the State Statistics Committee, Chamber of Commerce, Tax Committee of the Republic of Uzbekistan and also internet sites. The statistics collected were analyzed using a comparison method as well as in the econometric analysis section of the article.

This article uses the scientific works of several scientists who studied the issues of sustainability in business entities. In particular, the article "Methodology for Assessing the Economic Sustainability of Industrial Enterprises" by Burkhanov, A.U., Kadyrov, A.M., Usmonov, B. and Nizomiddinov, J.Z. was used [6]. The research studies the issues of ensuring the economic sustainability of chemical industry enterprises based on financial and economic management. This research explores the

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theoretical and methodological aspects of assessing the economic stability of industrial enterprises. The authors presented a unique view on the essence of economic stability and clarified the interpretation of the economic sustainability of enterprises from the perspective of the influence of factors of the external and internal environment. The authors devised an innovative approach to appraising the economic stability of industrial enterprises using integral differential equations derived from regression analysis [6].

RESULTS

There are many definitions given to the sustainability rating of business entities, and below we will be able to see a few of them:

Stability rating of business entities is a system for assessing the stability of a business entity and determining its category based on the rating system.

The stability rating of business entities is a system for evaluating the economic stability of enterprises or business entities, that is, their level of reliability in various economic, financial and operational environments. These ratings are developed in order to measure the continuity, stability and risk tolerance of business activities.

Sustainable business entities are legal entities that have a rating of "B" and higher in the sustainability rating of business entities (hereinafter referred to as "sustainability rating"), while carrying out their business activities within the framework of the law.

Support for the activities of business entities is divided into categories depending on the legal organization of their business processes. In this:

"AAA", "AA" and "A" categories - high stability rating;

"BBB", "BB" and "B" categories - medium stability rating;

"CCC", "CC" and "C" categories - satisfactory stability rating;

Category "D" is a lower stability rating (Table 1). [2]

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Table 1. Sustainability rating scale of business entities

Level of stability	Rating indicator	Grade
High	AAA	96-100 points
	AA	91-95 points
	A	86-90 points
Medium	BBB	76-85 points
	BB	66-75 points
	B	56-65 points
Satisfactory	CCC	51-55 points
	CC	36-50 points
	C	26-35 points
Lower	D	25 till point

In Uzbekistan, 23 criteria, including 9 fines and 4 incentives, are used to calculate the sustainability rating of entrepreneurs. This includes the period of activity of the company, the level of profitability, the availability of real estate or land, employee wages, etc.

The main purpose of dividing business entities into groups by sustainability rating is to support highly rated entrepreneurs and encourage other business entities to increase their rating.

Entrepreneurs are given a number of benefits and incentives depending on the rating indicator. Including:

For "AAA" category business entities:

tax audits are not conducted (with the exception of investigations conducted within the framework of criminal cases);

Reimbursement (refund) of the VAT amount is carried out within one day without checks.

Also, from May 1, 2024 to May 1, 2026, these incentive measures will be applied to textile and sewing-knitting business entities of category "A" and above (PF-71 dated 01.05.2024).

For business entities of category "AA" and above:

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State assets and non-agricultural plots of land sold to business entities operating in 4th and 5th category districts with the condition of payment in installments, in cases where the initial payment amount is less than 35%, regardless of the amount of the remaining payment period, 7 years (in equal shares) is defined as In this case, annual interest in the amount of the main rate of the Central Bank (13.5%) is not calculated on the remaining amount.

To business entities of category "A" and above:

the refund of the existing overpayment amount for taxes (excluding VAT) will be made within 3 days;

the procedure for mutual accounting of VAT amounts paid in the import of goods and in the sale of goods (services) is applied.

The incentive measures mentioned above are not applied to state enterprises and legal entities with a state share of 50% or more in the authorized capital.

This does not include measures for enterprises with a low rating.

After May 25, 2024, entrepreneurs with a high and medium rating will receive subsidies, benefits and preferences in the amount of 50% to 100%, depending on their categories.

Businessmen operating in 4th and 5th category districts are provided with tax benefits in the applicable amounts, regardless of their rating level.

When the rating level of entrepreneurs decreases, the granting of benefits is kept for 3 months, when it increases, it is given from the next month according to the updated rating level.

After the introduction of the sustainability rating of business entities, there have been noticeable changes compared to their initial rating indicators (Table 2) [4]. The index of their stability levels is increasing, and this, in turn, the number of enterprises with a high rating index is also increasing. The sustainability rating encourages entrepreneurs to use effective methods in organizing their business processes and achieve various benefits while complying with the tax legislation system. This, of course, contributes to reducing the share of the hidden economy and increasing the efficiency of business entities themselves.

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Table 2. Indicators of sustainability rating of business entities (as of 11.08.2024)

Level of stability	Rating indicator	Subject number	Grade
High	AAA	1282 (+1170)	96-100 points
	AA	3078 (+2489)	91-95 points
	A	4430 (+3476)	86-90 points
Medium	BBB	19790 (+14023)	76-85 points
	BB	38748 (+23064)	66-75 points
	B	60361 (+29036)	56-65 points
Satisfactory	CCC	37252 (+12843)	51-55 points
	CC	142212 (+36730)	36-50 points
	C	109593 (+910)	26-35 points
Lower	D	139847 (-130250)	25 till point

It can be seen from the above table that during the past period, more than 130,000 business entities have increased their sustainability ratings. As a result of the introduction of the sustainability rating, there is an incentive to reduce the hidden economy in our country and to improve the business processes of business entities.

In particular, in the first 6 months of 2024, compared to the corresponding period of 2023, the number of employees of 107,500 business entities increased by 774,500, and the wage fund of 185,700 entities increased by 13.9 trillion sums.

Also, 604,400 workers in 129,100 enterprises were paid more than the minimum wage (MHTEKM) compared to last year. The number of entrepreneurs submitting tax reports on time reached 338,900, and the number of enterprises paying taxes on time reached 172,200.

As of August 14th of this year, 513.8 billion sums of excess VAT payments were returned to 317 business entities of the AAA category on 542 applications within one day without additional checks. Of this, 53.4 billion sums were reimbursed to 52 business entities based on 55 applications in the last period of August.

565,056 business entities in our country are evaluated according to the stability rating of business entities. The number of turnover tax payers is 315,105, and the number of value added tax payers is 249,951.

Considerable work is being carried out by regions on sustainability rating indicators (Table 3) [5].

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Table 3. Volume of industrial products (services) produced by small business entities, results of Q3 2024 and indicators of stability index

Areas	The volume of industrial products (services) produced by small business entities in 2024 Q3 (in million)	High	Medium	Satisfactory	Lower
Republic of Karakalpakstan	6126,3	99	481	289	29
Andijan region	17582,1	415	4470	14717	9702
Bukhara region	11984,8	316	4634	19000	14985
Jizzakh region	5224,1	531	5904	16711	12474
Kashkadarya region	10149,1	225	3356	13127	9974
Navoi region	9528,5	464	6522	22503	14937
Namangan region	11127,3	237	3070	11438	9513
Samarkand region	16253,1	424	5068	16233	11708
Surkhandarya region	6024,8	861	9862	26165	16089
Syrdarya region	5421,5	294	4430	15625	10464
Tashkent region	27098,3	161	2369	7614	6199
Fergana region	18058,3	1007	10415	24792	14547
Khorezm region	4698,8	750	7861	24832	16648
Tashkent city	48992,7	543	6270	14630	10869

When the results of the table were analyzed by econometrics, the following results were obtained (Table 4).

Tabel 4. Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Q3	14	14162.121	11896.735	4698.8	48992.7
High	14	451.929	267.673	99	1007
Medium	14	5336.571	2757.128	481	10415
Satisfactory	14	16262.571	7122.037	289	26165
Lower	14	11295.571	4401.71	29	16648

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In this case, high, medium, satisfactory and lower rating indicators were taken as an influencing factor, and the gross product volume of the regions at the end of the 3rd quarter of 2024 was determined as Q3 and was determined as a result factor.
Using the sixplot command in STATA against Q3 as the outcome factor (variable), the following results were obtained (see Fig. 1).

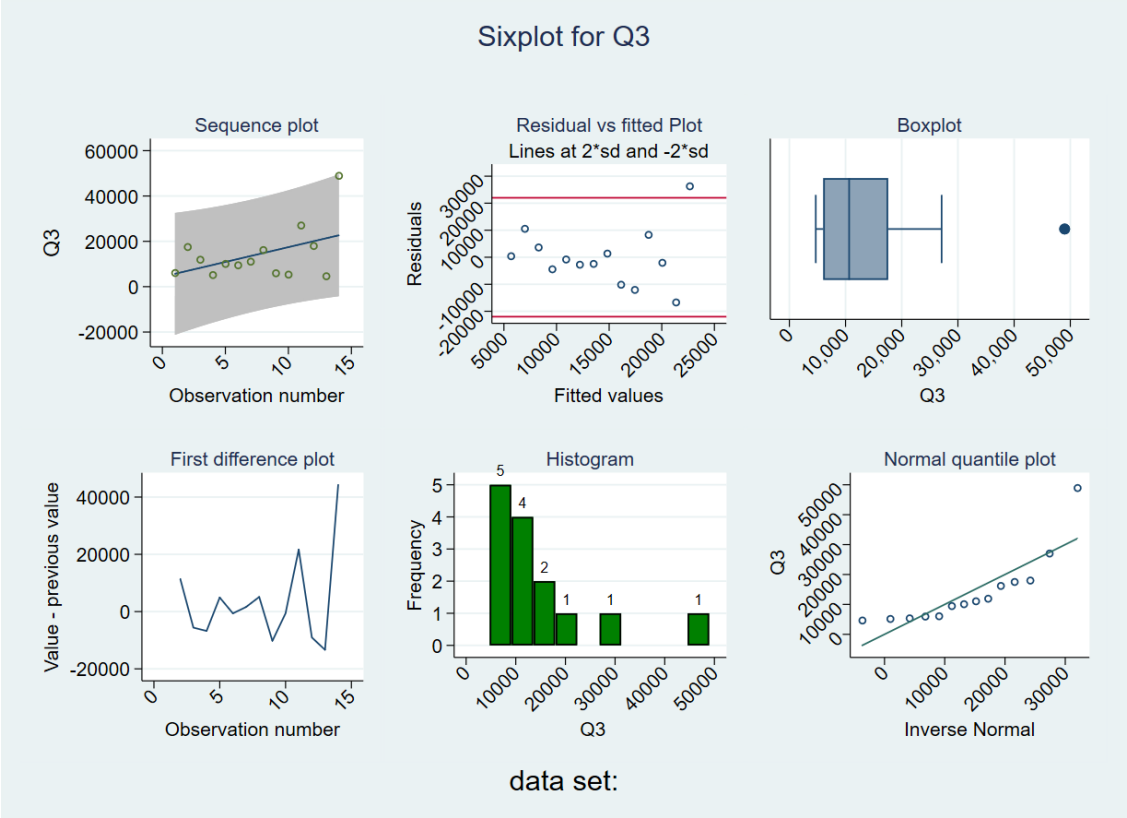

Figure 1. Sixplot of Q3 variable.

Correlation analysis between variables was first performed in STATA software (Table 5).

Table 5. Pairwise correlations

Variables	(1)	(2)	(3)	(4)	(5)
(1) Q3	1.000				
(2) High	0.013	1.000			
(3) Medium	0.006	0.975	1.000		
(4) Satisfactory	-0.164	0.847	0.926	1.000	
(5) Lower	-0.131	0.736	0.838	0.969	1.000

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According to the correlation results, it was found that there is a correlation between the rating indicators. However, we found that the relationship between the rating indicators and the volume of products (services) created by small business entities in the regions is not strong.

In order to more fully express the relationship between factors and variables, we determined linear regression indicators (Table 6).

Table 6. Linear regression

Q3	Coef.	St.Err.	t-value	p-value	[95% Conf	Interval]	Sig
High	-74.773	65.265	-1.15	0.281	-222.413	72.866	
Medium	18.325	8.762	2.09	0.066	-1.496	38.145	*
Satisfactory	-8.031	2.98	-2.70	0.025	-14.772	-1.29	*
Lower	5.965	3.371	1.77	0.111	-1.66	13.59	
Constant	13390.838	8203.71	1.63	0.137	-5167.243	31948.919	

Mean dependent var	14162.121	SD dependent var	11896.735
R-squared	0.499	Number of obs	14
F-test	2.240	Prob > F	0.145
Akaike crit. (AIC)	301.771	Bayesian crit. (BIC)	304.966
*** p<.01, ** p<.05, * p<.1			

According to the regression indicators, the coefficient of determination is an indicator that explains how much of the total independent variables in the model make up the resulting variable, and it was equal to 0.499. This means that the impact of our independent variables, i.e. rating indicators, on the volume of products (services) created by small business subjects is about 50%.

The following formula was created for the result of the linear regression equation:

$$Q3=13390-74.7773*High+18.325*Medium-8.031*Satisfactory+5.965*Lower$$

The obtained results were checked by Gauss-Markov test and the following result was obtained (see Fig. 2).

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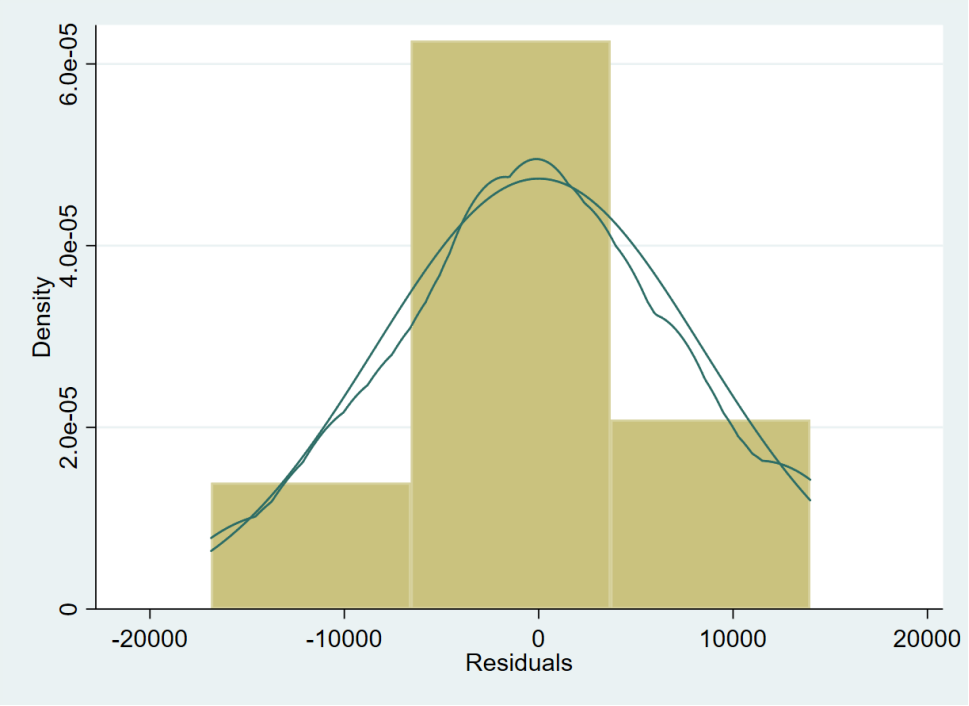

Figure 2. Gauss-Markov test.

The results were also tested for the Shapiro-Wilk hypothesis (Table 7).

Table 7. Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
yhat	14	0.944	1.046	0.088	0.465
ehat	14	0.972	0.526	-1.267	0.897

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of Q3

chi2(1) = 2.59

Prob > chi2 = 0.1076

As a result of conducting a series of tests, it was found that the relationship between the independent variables and the outcome variable is insufficient and scientifically untenable.

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DISCUSSION

After the introduction of the rating system, positive results were achieved in the following areas in order to use the additional incentives of high ratings by business entities, including:

■ Voluntary fulfillment of obligations by taxpayers, i.e. payment of tax payments through payment orders, in January of this year amounted to 232,058 million sums, while in May of this year (sums compared to January 58 057 million sums increased) reached 290 115 million sums;

■ The registration of electronic invoices within the terms set by the law increased by 610,243 to 1,389,033 compared to the beginning of this year;

■ As a result of the pre-inspection analysis (car camera) carried out using the information systems of tax authorities, the number of enterprises with deficiencies was 219,458 as of January 1, 2024, and the amount of additional calculated tax amounted to 3,663.5 billion sums, as of June 1, 2024, the number of enterprises is 168,820, the tax amount is 1,368.3 billion sums (the number of enterprises with deficiencies has decreased to 50,638, the tax amount is 2,295.2 billion sums);

■ Due to the creation and legalization of jobs, the number of officially employed citizens has reached 5,586,000 from 5,351,000 at the beginning of the year (increased by 235,000).

CONCLUSION

It can be said that the introduction of the sustainability rating of business subjects was beneficial for the country and for the entrepreneurs themselves. Because, as a result of the introduction of the rating, business entities operating correctly and legally received a number of benefits as an incentive for their activities. This will encourage them to be more active in the future. Other business entities with low ratings also try to increase their ratings in order to take advantage of such benefits. The introduction of this indicator has been effective for the country, as an example of which is the reduction of the underground economy and the increase of jobs. In addition, it can be said that it was the reason for the increase of mutual trust between the government and entrepreneurs.

As a result of the analysis of the sustainability rating of business entities, the following conclusions and proposals were developed:

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- In the future, more indicators will be included in the sustainability rating indicators;
- Providing a number of benefits not only to high performance enterprises but also to medium performance enterprises;
- Working individually with low-performing enterprises, providing practical support and recommendations to increase their performance;
- When analyzing the rating indicators by regions, pay attention to the total number of business entities and the absence of problems with infrastructures in the region;
- Do not immediately apply drastic measures and fines to enterprises with a lower rating, because in the future they can also improve their indicators, and this will require a certain period of time.

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